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C O N F I D E N T I A L RIYADH 001271

SIPDIS

STATE FOR EEB/TPP/IPE AND NEA/ARP  
STATE PASS TO USTR FOR JASON BUNTIN  
USDOC FOR TYLER HOFFMAN

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TAGS: ECON ETRD EINV PGOV KIPR KTFN SA  
SUBJECT: MICROSOFT LEADING COLLABORATION WITH SAG TO COMBAT  
IPR VIOLATIONS

REF: 07 RIYADH 2437

Classified By: Political/Economic Counselor Horacio Ureta  
for reasons 1.4 (b) and (d).

¶1. (C) Summary: Intellectual property rights (IPR) violations in Saudi Arabia are receiving increased attention from the Saudi government (SAG). The SAG has made significant efforts to address IPR violations, which in the Kingdom occur most notably in the pharmaceutical and software sectors. With regard to software infringement, the SAG is now collaborating directly with a Microsoft-led private sector group, calling itself the "Rights-Holders", on a six-point plan to combat IPR issues. This plan seeks to ensure transparency in IPR cases, establish and enforce deterrent penalties, and improve coordination between SAG entities with IPR related equities. Rights-Holders is claiming the existence of a link between IPR piracy and terrorism finance. Intellectual property rights issues are also being covered increasingly in the Saudi news media. End summary.

¶2. (C) In a meeting August 13 EconOff met with Scott Butler of the Raven Anti-Piracy Alliance (RAPA), a Dubai based group that is linked to the Business Software Alliance (BSA), a group of 13 software companies in the Kingdom which includes Microsoft, Autodisc, Symantec, and Adobe. RAPA also has powers of attorney with regional entertainment companies such as Rotana and Viva and liaises between these licensees and entertainment studios. Butler told EconOff that earlier in the day he and Ayman Takrori, Partners Group Director for Microsoft and de facto representative of a private group of "Rights-Holders" (of which BSA is a part) met with Ministry of Culture and Information Under Secretary Abdul Rahman Al-Hazaa, who holds a mandate from Culture and Information Minister Dr. Eyad Madani to "fix the IPR issue."

¶3. (C) Butler related that RAPA had presented al-Hazaa with a six point plan to address IPR issues: 1) ensure complete transparency in all IPR cases; 2) establish and enforce deterrent penalties to create real fear in the market; 3) eradicate street vendor piracy; 4) establish a mechanism to address internet piracy; 5) ensure the SAG uses software that was legally acquired; and 6) ensure effective coordination between the Ministries of Culture and Information, Interior, and Customs Enforcement. According to Butler and Takrori, Under Secretary al-Hazaa pledged complete support from the SAG for all points.

¶4. (C) The Rights-Holders's six-point plan includes fully populating the Violations Review Committee's online case-tracking database in both Arabic and English, imprisoning violators in lieu of simply imposing fines (Note: According to Butler, there is precedent legislation in the

UAE for imprisoning IPR violators. End Note.), and providing training for inspectors and police on IPR and on how to conduct raids. Butler also related a story of a raid conducted in 2006 that yielded 20 million pirated music and software CDs in a warehouse. In the same warehouse weapons were found which led to the arrest and prosecution of several members of an organized crime ring. Butler asserted that a clear link exists between piracy and organized crime, to include terrorism finance.

¶5. (SBU) On August 17, Al-Watan, a moderate Arabic-language daily, published a full page story on IPR violations. In the article both SAG officials and economists were quoted as saying that software piracy is both more lucrative and less risky than drug trafficking.

¶6. (C) Comment: The SAG has made significant progress in IPR enforcement but continues to cite lack of capacity to justify a dearth of major developments (Reftel). Engagement at the ministerial level is an encouraging step and demonstrates an increase in political will to address the problem. Ministry of Interior (MOI) interest is crucial to further progress in enforcement and prosecution, and would be critical to implement any of the directives outlined in the Rights-Holders six-point plan. Previously, MOI involvement has been sub-optimal, but might be stimulated if a strong link were to be substantiated between the supposedly "victimless" crime of IPR violations and organized crime or even terrorism financing. End comment.

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